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TAGS: [KIPR](#) [ECON](#) [EFIN](#) [EINV](#) [ETRD](#) [HK](#)
SUBJECT: SATELLITE TV SIGNAL PIRACY IN MACAU -- RAMPANT IN
RESIDENCES, HALTED IN HOTELS

REF: 08 HONG KONG 338

Classified By: Consul General Joseph Donovan for reasons 1.4 (b) and (d)
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11. (C) Summary: Satellite television signal piracy remains the most significant intellectual property (IP) issue in Macau. Unlicensed "antenna companies" control over 80 percent of the residential market. The government of Macau (GOM) has occasionally taken action against the antenna companies, but without success. Both the GOM and Macau Cable TV ("MCTV," the sole GOM-licensed provider of cable television) told us signal piracy will significantly diminish only if foreign producers of copyrighted content initiate legal action in Macau against the antenna companies. While antenna companies dominate the residential market, GOM enforcement efforts have ensured that almost all of Macau's hotels exclusively use MCTV. To improve the attractiveness of its product offerings relative to the antenna companies, MCTV is adding user-interactive content and services along with greater high definition content. End summary.

12. (C) Comment: Previous small-scale GOM moves against antenna companies resulted in television service disruptions that angered thousands of Macau residents, while having no long-term effect on antenna company market share. The GOM is unlikely to initiate similar enforcement actions in 2009, due to Macau's upcoming elections. To change the status quo, producers of copyrighted content will likely need to file lawsuits in Macau that force the antenna companies out of business - or at least disable their ability to sell pirated signals to Macau households. However, the relatively small size of the Macau residential cable market will probably continue to dissuade content providers from making such efforts. End comment.

Residential Market Dominated By Pirated Signals -----

13. (U) MCTV is the only GOM-licensed provider of cable television in Macau. Despite its monopoly position, MCTV provides cable service to only 25,000 of Macau's 150,000 households; local "antenna companies" provide service to the remainder. The fifteen antenna companies in Macau illegally sell pirated satellite cable TV signals from the United States, mainland China and Taiwan. The antenna companies pay no licensing fees for their programming and charge only two or three USD per month per household, compared with the USD 24 charged by MCTV.

14. (U) According to Macau law, anyone wishing to install a satellite dish must obtain an annually renewable license from the GOM's Bureau of Telecommunications Regulation (known locally by its Portuguese acronym "DSRT"). The DSRT-approved licensee is allowed to spread the signals received by the dish to all televisions within the building where the dish is installed. The antenna companies violate the terms of their

DSRT license by distributing the signals to hundreds or thousands of additional households. Previous attempts by DSRT to cut antenna company cables generated vociferous public opposition and did little to change the status quo (refel). The DSRT has cut no antenna company cables since January 2008.

GOM Wary of Negative Public Response

15. (C) DSRT Deputy Director Horry Hoi told us on February 6 that the antenna companies bundle free signals from Hong Kong and Macau with pay-for-service satellite signals from abroad. He said, "Most people here only watch the free stations from Hong Kong and Macau, so if we cut the antenna company cables, we cut local residents' access to the free stations. This makes it hard for us to take action." He added that the GOM would face "public discontent" if the residents were asked to switch their service to MCTV. Hoi said the antenna companies "skirt the law" by claiming they charge "maintenance fees" (rather than subscription fees) designed to ensure continued operation of their respective service networks. He said antenna company service to residential customers will likely be stopped only through lawsuits in Macau filed by the foreign owners of copyrighted materials (e.g. ESPN, British Premier League). No such lawsuits have been filed in recent years.

GOM Assisted MCTV to Monopolize Hotel Market

16. (SBU) Although the GOM has taken only limited action to

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shut down antenna company service to local households, the DSRT conducted spot inspections of Macau's hotels during 2007 and 2008 to ensure their sole usage of MCTV. The company's Chief Executive Officer Angela Lam confirmed to us on February 6 that MCTV now controls "about 98 percent" of the hotel market in Macau.

MCTV Files Lawsuits, Boosts Content

17. (C) Lam told us on February 6 that her company filed civil lawsuits against the two largest antenna companies - Tak Va and Fai Chi. Those firms supply signals to smaller antenna companies and together control over 50 percent of Macau's residential cable TV market. MCTV's lawsuits accuse the antenna companies of engaging in illegal competitive practices. The lawsuits remain unresolved, and Lam held out little hope of prevailing in Macau's courts. She said, "The government isn't serious about moving against the antenna companies."

18. (SBU) Unlike the minimal investments made by antenna companies in their respective network infrastructures, Lam said MCTV continues to invest large sums in its proprietary fiber optic network; it is now capable of providing service to 95 percent of Macau's households. In addition, Lam said MCTV will increasingly provide customer-interactive menus and services, along with greater high definition content, as a means to boost the attractiveness of MCTV's services relative to the antenna companies.

DONOVAN